



**Meeting of the Joint Oireachtas Committee on Housing, Planning,
Community and Local Government; Wednesday 18th January, 2017**

**Opening Statement of John McCarthy, Secretary General,
Department of Housing, Planning, Community & Local Government.**

Chair, I would like to thank the Committee for this welcome opportunity to discuss the first quarterly report under Rebuilding Ireland. As this is our first engagement of 2017, I would like to wish you all a happy and productive New Year.

I might start by introducing the team here with me to-day.

David Walsh – Assistant Secretary, who leads the Department's, Planning, Housing Market Policy and Land Management Division, along with his colleague **Barry Quinlan**, Principal Officer who co-ordinates our overall implementation of Rebuilding Ireland;

Mary Hurley - Assistant Secretary, who leads the Department's Housing Programme Delivery Division; and

Bairbre NicAongusa – Assistant Secretary, who leads our Social Housing Policy (including Homelessness) & Rental Policy Division.

I think it's very welcome that progress under Rebuilding Ireland is being discussed at the Committee. Today's session is one in a series of

interactions between Minister Coveney, the Department and the Committee. These meetings provide an important opportunity to update and inform the Committee of key developments and progress and to receive feedback from Committee members.

The focus of today's meeting is the first quarterly progress report under Rebuilding Ireland, published on the 1st of November 2016. This Report charted the progress made on relevant actions since the Rebuilding Ireland plan was published on the 19th of July 2016. It is the first in what will be a series of reports that will be published on a quarterly basis and we are currently working on the second quarterly report, covering quarter 4 of 2016. The intention is to finalise and present the Q4 Progress Report to the Cabinet Committee on Housing at the end of this month with a view to publication thereafter.

Initially, as you are aware, Rebuilding Ireland contained 84 actions, across five key pillars of activity, for implementation not just by my Department but also by a range of other Departments and agencies and, of course, local authorities. One key action for delivery in Q4 last year was the publication of a new strategy for the rental sector and that was indeed finalised and published last month and the necessary associated legislation was considered by the Oireachtas before the Christmas recess. Progress on implementing the 29 actions contained in the Rental Strategy will in future be incorporated into the quarterly reporting under Rebuilding Ireland generally. All the progress reports and up to date information will continue to be available on the dedicated www.rebuildingireland.ie website.



Implementation

Since the publication of Rebuilding Ireland, our attention has been firmly focussed on delivery. Implementation of Rebuilding Ireland is being advanced across a number of Departments, under the oversight of the Cabinet Committee on Housing, chaired by An Taoiseach.

Within my own Department, an Implementation Board of senior officials, chaired by myself, and including my colleagues here today and other key senior officials, monitors progress on a fortnightly basis. In addition, an Oversight Group and a Project Board with a broader representation of delivery agents and stakeholders have been established. Working group structures under each of the Action Plan's five Pillars have also been put in place.

It is also planned to continue to hold regular, broadly-based Stakeholder Forums on Housing and Homelessness, such as those events arranged to date in devising *Rebuilding Ireland* and the *Strategy for the Rental Sector*. These will provide a valuable means of feedback on the practical experience of implementation and inform future policy formulation.

Rebuilding Ireland - First Quarterly Progress Report

Subject to the agreement of the Committee I now plan to briefly cover the key issues and progress made under each pillar. Generally, I will cover the progress reported in the Q3 Progress Report and, where



possible, I will update the Committee on progress made since then. I will address the Strategy for the Rental Sector under Pillar 4.

Pillar One – Address Homelessness

Addressing homelessness is the top priority under Rebuilding Ireland, to be achieved through the delivery of the 21 cross cutting actions in Pillar 1 of the Plan. The priority is demonstrated by the frontloading of actions under Pillar 1.

Homelessness is a very complex area of social policy that requires close co-operation across a number of Government Departments and agencies and this is reflected in the Pillar 1 actions. While a key objective of Pillar 1 is to move individuals and families out of emergency temporary accommodation, there are also important actions to keep people in their homes.

While all efforts are being made to address Homelessness we must recognise the reality of the situation as outlined in the monthly statistics which have shown increases since June in overall terms. Based on details collected from housing authorities in November 2016, a total of 4,436 adults used State-funded emergency accommodation nationally during the survey week.

However, while there have been increases in homeless presentations in recent times, it is important to note that much is being done to address homelessness and to secure sustainable tenancies for homeless households. For example, during the first nine months of 2016, housing



authorities assisted over 2,000 sustainable exits from homelessness i.e. into independent social housing or supported private rented tenancies. It is expected that a total of 2,700 sustainable exits will have been achieved during 2016. This is a record level of exits from homelessness in this timeframe that demonstrates the significant efforts of local authorities to help people find more sustainable accommodation solutions.

Despite this record level of activity, the fact that there has continued to be a net increase in homelessness highlights the imperative of achieving timely and full implementation of the range of actions provided for across the Pillars of Rebuilding Ireland, so that we achieve the necessary increase in supply of housing generally and social housing, in particular.

The following key achievements will have a significant impact.

- There has been very strong progress made on the Housing Assistance Payment Homeless pilot in Dublin. The final figure for 2016 will be published in the Q4 Report. However, it is clear at this stage that the target to provide 550 stable and supported housing tenancies for long-term homeless households was significantly exceeded. The HAP scheme for homeless households represents an important new tool to assist in breaking the cycle of homelessness for individuals and families, reducing long-term reliance on emergency accommodation.
- Abhaile – the new national Mortgage Arrears Resolution Service – and the associated scheme of Aid and Advice for borrowers in



mortgage arrears was launched by the Tánaiste and Minister for Justice and Equality and the Minister for Social Protection.

- There has also been a focus on the provision of further family and child welfare supports for homeless families such as Home School Community Liaison services through Education Welfare Officers, Tusla's work on School Completion Programmes, etc.
- The Housing Agency's €70m rolling fund to purchase vacant properties from banks and investment companies has been established, with a target of 1,600 units to be acquired.
- One of the key targets under Pillar 1 is to end the use of commercial hotels as emergency accommodation for homeless families, except in limited exceptional circumstances, by the middle of 2017. In addition to the Homeless HAP scheme which I mentioned earlier, a key element of achieving this target is the provision of 1,500 rapid delivery homes by the end of 2018. The Office of Government Procurement's Rapid Delivery Framework is now in place and this will be an important tool allowing local authorities to accelerate delivery in the months ahead.

Pillar Two – Accelerate Social Housing

The target under Pillar 2 is clear, involving the delivery of an additional 47,000 social housing homes over the period to 2021. An overall budget of €5.35 billion has been earmarked for this purpose. These homes are being delivered by local authorities and AHBs through a number of

different mechanisms - construction, repair and renewal of existing housing (both public and private), regeneration of certain areas, acquisitions, as well as various leasing arrangements.

While the final detailed figures for social housing output will be collated and published over the coming weeks, provisional figures for 2016 indicate that in excess of 18,300 households have had their social housing needs met under the range of social housing schemes, ahead of the target of just over 17,000 that had been set for the year.

In terms of social housing construction, the pipeline is very positive. From a situation of very limited new social housing units constructed in 2015, with the reliance primarily on acquisitions and other delivery mechanisms, it is expected that projects involving some 2,800 social housing units will commence on site under the main local authority and Approved Housing Body construction programmes this year.

Pillar Three – Build More Homes

Pillar three is focused on securing significant increases in the delivery of housing in the wider housing market. We are currently finalising the housing output figures for 2016 for publication with the next quarterly progress report, but it is clear from the data to the end of November that they will show an increase on the 12,666 units produced in 2015. While the 2016 increase is very welcome, it is of course just a step along the pathway to increasing housing output to some 25,000 units per annum over the course of the Rebuilding Ireland plan.



There are 12 actions under Pillar 3, dealing with funding/financing infrastructure provision; active land management, planning reforms; construction design innovation and the construction sectors skills and capacity to deliver. The skills issue, in particular, is a very important area given the estimated requirements for additional skilled construction workers and our colleagues in the Department of Education and Skills and Solas are working to ramp up the delivery of skills training across a range of key areas.

On the infrastructure front, 21 local authorities have applied for funding under the €200m Local Infrastructure Housing Activation Fund (LIHAF) seeking to open up more of the 17,434 hectares of land for development that the planning process has identified nationally for housing, 2,654 hectares of which are in Dublin. There will be a further update on the assessment of these applications in the context of the Q4 quarterly progress report.

On the land supply side, relevant Government Departments, State bodies and local authorities have been contacted regarding lands in their ownership and/or control that may be suitable and available for housing development, in connection with the development of a national web-based database of State lands. To make progress quickly, the survey of State development lands is focussing on Dublin and the main cities and urban areas with a view to having the details mapped later in this Quarter, after which the approach will be extended to other regions.



23 Major Urban Development Sites with the capacity to deliver 20,000 new homes in the medium term in the Greater Dublin Area, Cork, Limerick and Galway have been identified and progress on these development sites is being proactively monitored by the Department's Housing Delivery Office with a view to ensuring these sites become exemplars for the coordination and delivery of plan-led housing development and active land management.

The Planning and Development (Housing) and Residential Tenancies Act 2016, which was enacted on 23 December, enables large-scale housing development proposals to be submitted directly to An Bord Pleanála, while also enabling other important streamlining of planning processes and new tenant protection measures.

Finally, a Help to Buy Scheme was introduced by the Minister for Finance as part of Budget 2017. Under the scheme, first-time buyers who purchase, or self-build their own home, can avail of a refund of income tax and DIRT paid over the previous four tax years, up to a maximum amount of €20,000. This refund can be used to satisfy mortgage deposit requirements, making home purchase more achievable for an increasing number of prospective homeowners and, in turn, providing confidence to homebuilders to supply more homes.

Pillar Four – Improve the Rental Sector

The key action under Pillar 4 is the publication of a Rental Strategy and the *Strategy for the Rental Sector* was published on 13 December 2016.

Importantly, the Strategy introduced the concept of Rent Pressure Zones to provide rent predictability in areas of unsustainable rental inflation.

RPZs have now been given a statutory basis via the Planning and Development (Housing) and Residential Tenancies Act 2016. In these Zones rent increases will be capped at 4% per annum. The measure was introduced with immediate effect in the four Dublin Local Authority areas and in Cork city. The Residential Tenancies Board has been asked to accelerate the work to develop more detailed area-based rental data in the Dublin and Cork commuter counties and in the other main cities so that additional areas can be designated where the criteria are met. Rent Pressure Zones will be designated for a maximum of 3 years, by which time it is anticipated that new supply will have come on stream, easing the pressures on the rental market in the most pressured areas.

The Planning and Development (Housing) and Residential Tenancies Act 2016 gives effect to other actions in the Rental Strategy on security. It prevents the termination of 10 or more tenancies at the same time in a single development to facilitate vacant possession sale of the property. Sales in such cases will be conditional on the existing tenants remaining in situ. In addition, the landlord's right, during the first 6 months of a further Part 4 tenancy, to end that tenancy has been abolished and the duration of tenancies has been extended from 4 to 6 years.

The strategy also puts forward a number of measures that will broaden and strengthen the role and powers of the Residential Tenancies Board to more effectively provide key services to tenants and landlords. In

addition, the Working Group on taxation of rental providers provided for in the Strategy has already been established by the Department of Finance.

Pillar Five - Utilise Existing Housing

While Rebuilding Ireland places a strong emphasis on the provision of increased new housing supply in respect of both private and social housing to meet demand, a further key objective of the Action Plan is to ensure that the existing housing stock is used to the maximum degree.

A particular focus in this regard is to bring vacant residential units back into productive use for social and private housing purposes. Through a range of initiatives and targeted policy reforms, harnessing the potential of these houses can contribute to the overall objective of increasing housing supply quickly to meet demand, while simultaneously helping to breathe new life and vitality into the streets, estates and rural areas in which they are located. New initiatives such as the Repair and Leasing Scheme are designed to realise this potential.

The Central Statistics Office has indicated that more detailed information and categorisation of vacant properties will be available in the Housing Specific Report from Census 2016 which is being prioritised for finalisation by April 2017. This will be a critically important input into the new Vacant Housing Re-Use Strategy which is to be developed under Pillar 5.



In terms of the use of social housing stock, Choice Based Letting (CBL) can play an important part in the more efficient allocation of social housing by local authorities, helping to minimise delays that can arise through offers of accommodation being refused. By using CBL, South Dublin County Council had the lowest reported refusal rate for social housing at 5% while in some local authority areas refusals were running at significantly higher levels.

To ensure the further roll out of CBL nationally, new regulations were made on 30 September 2016 requiring every housing authority to provide for a choice-based letting (CBL) procedure in their housing allocation schemes by the end of the year at the latest.

Conclusion

Chair, members, in my opening statement I have provided a summary of the progress made in implementing Rebuilding Ireland in the months immediately following its publication. While I have concentrated on the Quarter 3 Progress Report, where possible I have provided the Committee with more recent updates on significant actions and a further, more comprehensive update will be available in the next progress report which will be finalised and published in the next few weeks.

As Minister Coveney has indicated, Rebuilding Ireland is a top priority for the Government and the Department is fully committed to its effective delivery. I and my colleagues will be happy to respond to any questions or issues that members may wish to raise. Thank you.